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ISSUES PENDING BEFORE THE TRADE CONFERENCE COMMITTEE

Summary

A House-Senate conference committee has begun to grapple with two omnibus trade bills that were passed earlier this year. Both bills provide for numerous changes in American trade law. The conference committee, consisting of some 199 representatives and senators, is scheduled to meet this month to reconcile differences between the House and Senate versions of the bill. The differences are significant, as are the White House's objections to certain provisions. Its fate may depend on how much influence partisan disputes and election concerns have on the negotiations, whether congressional leaders opt for a bill or an issue, whether the administration exhibits some flexibility, and the speed with which other issues pending before Congress are concluded.

Introduction

Congressional hopes of an early adjournment this year have all but disappeared, since issues such as the budget and the public debt limit extension -- both of which must be finished by the end of the year -- have yet to be resolved. Partisan disputes and filibusters have regularly delayed the legislative process, especially on the Senate side of the Hill. Trade legislation, however, managed to escape these problems. Pinpointed as a top priority at the beginning of the session, hearings commenced almost immediately after Congress convened. And although there was a certain element of partisanship during much of the debate, the two major trade committees -- House Ways and Means and

Senate Finance -- managed to craft their portions of the bill through bipartisan compromise. In this way the respective chairmen, Dan Rostenkowski (D, Ill.) and Lloyd Bentsen (D, Tex.), were able to highlight their consensus approach to trade policy and minimize the chances that trade would become a partisan tussle.

Not all the committees have taken the same approach; in some (House Energy and Commerce, for example), party-line votes were not uncommon. But in the end the House passed HR 3 in April and the Senate passed S 1420 in July[1] (see Appendices 1 and 2). Each passed with strong support from both sides of the aisle (although as shown below there was an element of partisanship in the votes).

The real battle has been between administration officials, who argue against drastic changes in trade law, and Congress, which favors drastic legislative steps to combat this country's huge trade deficit. The White House opposes both versions of the legislation. Administration officials have said, however, that the president does want a bill, but that substantial changes must be made before it reaches his desk.

In addition to White House concerns, several U.S. trading partners have expressed strong doubts about both the House and the Senate proposals. Interestingly enough, however, many of the objectionable provisions of the House bill are not included in the Senate proposal -- and vice-versa. Consequently, it is still possible for the conferees to tone the bill down considerably (by striking the most controversial elements of the bills) or to produce a bill that is so extreme that its veto is all but assured (by incorporating the most objectionable provisions of both bills).

Issues Facing the Conferees

Although the breakdown of "good" and "bad" provisions varies according to whom one asks, it is possible to isolate three major types of provisions in the bills. Some proposals, such as those that would liberalize export control law, renew presidential privileges regarding trade negotiations, and boost U.S. export promotion programs, are clearly designed to enhance the U.S. trade position in international markets. Others, such as provisions mandating retaliation in cases involving foreign unfair trade practices and proposals setting a "reciprocal access" standard in bilateral trade, will increase the likelihood that this country will take action to restrict foreign imports. A third type of provision involves new proposals, including some that are extremely controversial (e.g. one that would expand foreign investment reporting requirements in this country) and others that implicitly acknowledge some U.S. responsibility for the trade deficit, including "competitiveness" proposals concerning education, worker retraining and the government's role in aiding private enterprises.

[1]Both bills are now known as HR 3, but the Senate bill will be referred to as S 1420 in this report for the sake of clarity.

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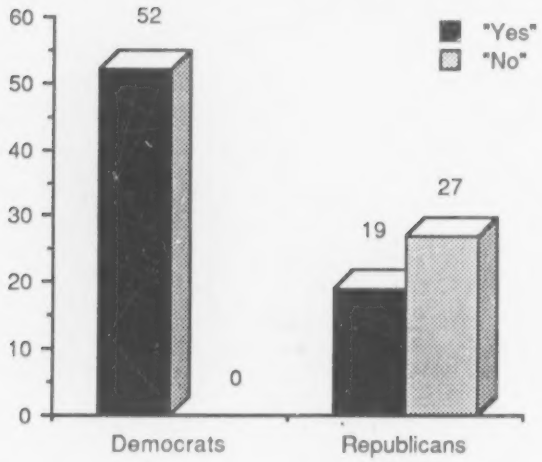
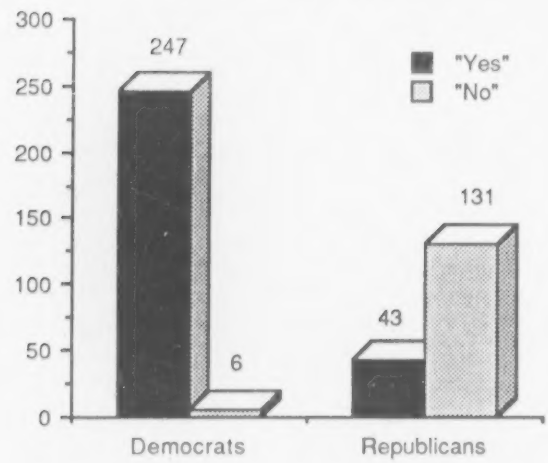
Votes on S 1420 by Party



Votes on HR 3 by Party



It would be difficult to itemize each provision in HR 3 and S 1420, each of which run over 1000 pages. Still, some of the key issues that must be resolved are listed below:

A Comprehensive Response to Unfair Trade Practices: Gephardt vs. Super 301 - The question of whether a comprehensive response is necessary to combat foreign unfair trade practices has been one of the most publicized and emotional elements of the trade debate. Ultimately, both chambers opted for such an approach, but the House approved a much more severe measure by presidential-hopeful Richard Gephardt (D, Mo.) that would require the International Trade Commission to identify countries with an "unwarranted" trade surplus (according to a mathematical formula) that engage in a pattern of unfair trade practices.

The administration would have six months to negotiate a pact to eliminate these practices and if no agreement is reached would be required to implement measures during the first year that would reduce the surplus by the amount that is "unwarranted." In subsequent years an annual 10 percent reduction would be required until the specific practices are eliminated or the surplus is no longer judged to be unwarranted. (The president would have the authority -- subject to a congressional override -- to decide against such actions if the country in question has serious balance of payments difficulties or if the actions would not be in this country's economic interest.)

The Senate proposal is milder. According to S 1420, the White House would be required to initiate investigations under Section 301 of the 1974 Trade Act of countries that are found to "maintain a consistent pattern of import barriers and market distorting practices." Retaliation would only be required in cases that meet mandatory retaliation criteria as defined by the proposed amendments to Section 301 law (see below). Moreover, the Senate Finance Committee and the House Ways and Means Committee would have the authority to petition the U.S. Trade Representative to undertake a Section 301 investigation.

The White House strongly prefers the Senate proposal, having already warned that a bill containing the Gephardt provision is likely to be vetoed. Even so, the administration would prefer not to see any comprehensive proposal enacted so that it is free to respond to trade problems with as much flexibility as possible. The Japanese and other U.S. trading partners have attacked the proposals as protectionist and charged that they violate U.S. obligations under the General Agreement on Tariffs and Trade. Japanese officials protest that the Gephardt amendment incorrectly assumes that the blame for the U.S. trade deficit lies with its trading partners. A statement by the Ministry of Foreign Affairs also blasted the Senate proposal, especially its specific reference to Japan as an example of a country that engages in a pattern of unfair practices, as well as its "absolutely one-sided pre-judgments about Japan."

Some sort of comprehensive approach will probably be adopted by the conferees. Given the "protectionist" label that the Gephardt amendment has earned in this country and abroad -- as well as the fact that it may be the single most controversial proposal offered during the trade debate -- it appears likely that the final product will not be as extreme as the current House proposal.

Section 301 of the 1974 Trade Act - One of the central problems in the trade debate has been identifying the most effective ways to use Section 301 law (which provides for presidential negotiations and possible retaliation with countries concerning unfair trading practices) to persuade this country's trading partners to abandon particular practices. Still to be resolved are questions over the definition of unfair practices. Both bills expand the current definition to include violations of internationally accepted labor rights, toleration of cartels and export targeting. The Senate bill also adds state trading to the list of unfair practices.

Another issue is how best to use the threat of retaliation in bilateral negotiations. Some members have argued that the most effective bargaining tool would be the assurance that if no agreement is reached, U.S. retaliation is a certainty. In response, the administration launched a scathing attack against mandatory retaliation. In the House bill (barring an agreement with the foreign country or a GATT finding unfavorable to the United States), retaliation is mandatory in the case of trade agreement violations unless the U.S. Trade Representative determines that retaliation would harm U.S. economic interests more than if no action were taken. This, in effect, gives the administration a "national economic interest" loophole by which to decide against retaliation.

Similarly, the Senate bill requires retaliation in cases of trade agreement violations, but limits the exceptions. Under S 1420 the White House could refuse to take action if a GATT panel decides against the United States, if a bilateral agreement is reached (that meets the approval of the majority of the industry or of the petitioner), if the foreign country provides adequate compensation, or if the president decides that retaliation could jeopardize national security. No allowance is made for exceptions in the interest of the national economy.

The administration opposes any form of mandatory retaliation and will attempt to persuade conferees to approve a bill that gives negotiators more latitude. This issue is important enough to the White House that its inclusion may be a strong incentive for a presidential veto. Japanese officials are also watching this provision with concern and have stated that mandatory retaliation constitutes "negotiation under duress" for U.S. trading partners. Japanese spokesmen also argue that the assurance of retaliation may prompt U.S. industries to file Section 301 complaints in the hope of receiving temporary import protection, even in the absence of foreign unfair practices.

Moreover, each of the bills transfers some presidential authority to the USTR. This was done primarily to make responses to trade complaints more routine; many members believe that the USTR would focus on trade goals rather than on other concerns. But because the president relies on the advice of several agencies when making trade decisions, the White House objects to the transfer of authority. The administration has said that the president must consider the positions of all his economic advisors; transferring authority to the USTR would be "inconsistent with USTR's role as coordinator of advice to the president."

In the final analysis, however, the trade representative serves at the pleasure of the president and is unlikely to make major trade decisions on his own. Thus, although the White House will fight these provisions, a compromise would not be a devastating blow to the president.

Negotiating Authority - This is the single most important issue to the administration since the president needs renewal of his authority to submit trade agreements for "fast track" congressional approval (limited debate and no amendments) if he is to succeed in the new round of multilateral trade negotiations or in gaining approval for a U.S.-Canada free-trade agreement. This is something of a Catch-22, however, since the administration needs the trade bill to renew its negotiating authority, but a trade bill that is viewed abroad as protectionist undermines this country's position in the negotiations.

Few in Congress would deny the president this authority. The primary differences between the House and Senate bills lie in those mechanisms by which the president negotiates reductions in tariff barriers, and in the question of congressional oversight. The House bill grants the administration close to what it requested (although the renewal is for a shorter time period than the White House had hoped). As has been the case in the past, HR 3 gives the president the authority to proclaim reductions in tariffs (subject to certain limitations) as well as fast-track negotiating authority for agreements to reduce nontariff barriers. As for congressional oversight, the House proposal requires more consultations with Congress to increase legislators' participation in and influence over the negotiations. On the whole, it appears that the White House would be satisfied with such an arrangement.

The Senate bill is another story. First, it eliminates the president's tariff proclamation authority and substitutes instead a fast-track procedure for both tariff and nontariff agreements. Moreover, S 1420 allows legislators to withdraw that authority if the House and the Senate pass a resolution of disapproval within sixty days of each other. Not surprisingly, the administration objects strongly to the Senate proposal, insisting that the absence of tariff proclamation authority "significantly reduces [its] leverage in trade negotiations and unnecessarily complicates implementation of trade agreements." Moreover, it has denounced the provisions allowing revocation of fast-track authority as a "veto-proof procedure [that] could impair [its] leverage in trade negotiations."

Section 201 of the 1974 Trade Act - The laws governing relief for industries that are injured by a surge in imports have also been an extremely emotional subject. The House proposal transfers some presidential authority to the USTR in the hopes that it will be guided by trade considerations exclusively. The Senate bill requires the president to implement the ITC's recommendations for relief unless such relief would harm national security, hurt industries that depend on the product in question, impose a burden on the poor, impose a burden on U.S. agriculture, or cost more jobs than are saved or created. Although these exceptions constitute a de facto national economic interest loophole for the president, the administration opposes any restrictions on its discretion to decide whether relief is appropriate. According to one statement, "the president must have discretion to consider the overall national economic interest in determining what relief, if any, is appropriate." Among other things, the White House also has reservations about provisions that increase the maximum relief period, Senate proposals concerning fast-track relief for perishable goods and provisional relief for critical circumstances.

More worrisome to U.S. trading partners are provisions that appear to lower the threshold for granting relief to industries. For example, both bills require the ITC to consider the success of the industry over the course of a

business cycle (which is designed to make it easier to obtain relief during a recession); the House bill also precludes using a recession as the single most important cause of injury. (The automotive industry is watching these provisions very closely, since in 1980 the ITC determined that recessionary conditions rather than imports were the primary source of injury to the industry; consequently it was denied relief under Section 201.) The Japanese Ministry of Foreign Affairs has protested eliminating recession as a cause of injury as an "arbitrary manipulation of causality [that] runs the risk of being GATT inconsistent."

Dumping and Countervailing-Duty Law - These proposals have also raised concerns in the White House and abroad as many observers have predicted that the changes, which are numerous and extremely technical, may have significant unforeseen consequences. If this is the case, they say, antidumping and countervailing-duty provisions may do more to stifle trade than any other element of the trade bill, including sweeping proposals such as the Gephardt amendment.

A major complaint about HR 3 concerns diversionary dumping, which requires the White House to include dumped inputs in calculating dumping margins on downstream products. The administration argues that this law would be impossible to administer, and especially so if this country wants to conform to the GATT. Japanese officials also object to it, claiming that it "is unrealistic and unfair to hold the manufacturer accountable to any other price than was actually available to him for inputs traded in the ordinary course of trade."

Provisions in both bills to monitor the activities of companies that are multiple dumping offenders are also objectionable to the White House on the grounds that this would divert scarce resources from more obvious dumping offenses and could spark foreign mirror legislation. Other provisions included in the bills involve anti-circumvention measures, redefinition of "domestic subsidy," downstream product monitoring, application of countervailing-duty laws to non-market economies, ITC determinations under critical circumstances, and standards governing the ITC determination of material injury and threat of material injury. On the whole the administration finds the House provisions more objectionable, but has also labeled many of the Senate changes "unduly expensive and burdensome.

Telecommunications - Although most legislators have tried to avoid incorporating sectoral provisions in the bill, some exceptions have been made. Legislation concerning telecommunications trade in particular has received broad congressional support. Both HR 3 and S 1420 contain a provision mandating retaliation against countries that do not provide reciprocal access to U.S. telecommunications products and services. The administration opposes both provisions (as it has all proposals based on the principle of sectoral reciprocity). Recently, in fact, the White House began citing telecommunications provisions in its "veto bait" list. Since the retaliation requirements under the House provision are less strict, however, the administration prefers it to S 1420's proposal. Not surprisingly, Japanese business and government officials have denounced the provisions, charging that evaluating the existence of reciprocal access is vague, arbitrary and inconsistent with the GATT.

Import Surcharge to Fund the Trade Adjustment Assistance Program - Both bills include provisions to finance programs to retrain displaced workers by imposing an import fee. HR 3 instructs the USTR to seek a GATT agreement for the imposition of a fee on certain imports, not to exceed the costs of the TAA program; other sources of revenue would also contribute to the TAA fund. The Senate bill also seeks GATT approval for a fee on certain imports (not to exceed TAA costs or one percent of the value of imports). S 1420 is tougher than HR 3, however, in that if the GATT signatories fail to approve the duty, the United States would unilaterally impose the fee.

The administration charges that the fee amounts to a trade barrier that is probably GATT-illegal. Japan's Ministry of Foreign Affairs has also objected to it, noting that (if the GATT fails to approve the fee) the Senate proposal "may well be GATT-incompatible if done without making compensation to the contracting parties, and self-defeating if compensation is made (since compensation must equal revenues raised by the duty)."

Other Provisions

Several provisions that have received the most publicity are only contained in one version of the trade proposals. Some of these are very likely to be incorporated into the compromise bill; others will almost certainly be dropped or substantially modified. A few examples follow:

Toshiba Corp. - Following the disturbing revelations that Toshiba Machine Co., Ltd. had illegally sold sophisticated milling machines to the Soviet Union in violation of the COCOM (Coordinating Committee on Multilateral Export Controls) agreement, the Senate passed a provision banning imports from parent Toshiba Corp. and from Norway's Kongsberg Vaapenfabrikk (which sold the U.S.S.R. computer controls for the milling machines) for a two- to five-year period; future violators of COCOM would be subject to the same ban. House members are currently considering similar sanctions. It is safe to conclude that some provision will be incorporated in the trade package; how severe it will be may depend on the congressional response to the recently passed export control law amendments in Japan as well as current lobbying efforts by Toshiba Corp. and other concerned parties. The White House, for its part, has said that the Senate ban is too restrictive since it unnecessarily hinders the president's flexibility, would adversely affect the U.S.-Japan relationship, could hurt U.S. businesses that rely on the banned imports and would unfairly impose U.S. law on foreign countries.

Foreign Investment Reporting - Another controversial element in the House bill is Texas Democrat John Bryant's proposal that requires foreign investors to disclose information on certain U.S. investments. While proponents argue that the reporting would provide valuable information on the economy, many -- including administration officials -- fear that the requirement would scare investors away and slow U.S. economic growth. Worried trading partners were cheered to see the Senate soundly reject this proposal during the floor debate. In light of that defeat, it appears likely that the Bryant amendment will be struck from the bill, or at the very least watered down significantly.

Plant Closing Notification - This issue is close to the hearts of U.S. labor unions and its inclusion in the Senate bill was a coup for the labor

movement. The provisions requires 60 days notice (with certain exceptions) of plant closings or mass layoffs for businesses with 100 or more full-time employees. The House Education and Labor Committee has approved an advance notification bill as well, but it is still unclear what proposal the House will bring to the conference.

The White House has lambasted the Senate proposal as "completely unacceptable" and stressed that such a requirement would diminish rather than improve the chances of an ailing plant's recovery. The threat of a veto has been mentioned in reference to this provision, although administration officials are reluctant to say that it is enough in and of itself to justify a veto. At this point it is difficult to pinpoint possible areas of White House-Congress compromise on this score. Given the enormous publicity and controversy the proposal has generated, however, it may play an important role in determining the White House reponse to the trade package.

Areas of Agreement

Despite enormous differences there are a few areas of agreement. The clearest example concerns intellectual property law (Section 337 of the Trade Act of 1930). Both bills eliminate the "injury test" by which petitioners must show that intellectual property violations cause substantial injury to domestic industry. The administration fully supports this change. Both bills also eliminate the present requirement that the injured industries must show that they are "economically" and "efficiently" operated.

Another area of at least partial agreement concerns export control laws. Although the White House has several objections to the proposed changes, officials approve of its objectives. Both bills would loosen controls placed on U.S. exports for national security purposes, especially with regard to goods that are generally available elsewhere. For example, HR 3 establishes a goal of a 40 percent reduction of the list of controlled items over a three-year period. The White House has endorsed the objective but stressed that its implementation must conform to the COCOM agreement. As a result it has balked at attempts to enact a quick or liberal decontrol process.

Sectoral Provisions

Early in the 100th Congress, Ways and Means Committee chairman Dan Rostenkowski and Finance Committee chairman Lloyd Bentsen -- now the co-chairmen of the conference committee -- announced that they would try to exclude sector-specific provisions from the trade bill. Only one exception was to be made, they said: trade in telecommunications goods and services. As the debate encompassed more and more issues, however, a number of sectoral items were incorporated into the bills, especially by other committees. Several of these were either targeted specifically or partially at Japan, including these:

- Financial services - The Federal Reserve Board and the Federal Reserve Bank of New York are prohibited from granting primary dealer status to foreign firms if U.S. companies do not have equal access to financial markets in the dealers' home countries. The provision would also withdraw privileges from foreign firms that are already primary dealers. (Contained in the House bill; similar provision in the Senate bill).

• Unfair maritime practices - Calls for Federal Maritime Commission investigations of maritime practices that disadvantage U.S. carriers and provides for retaliation. (Contained in both bills.)

• Flag ships for automobile carriers - Directs the administration to sign treaties with all countries that export at least 50,000 automobiles annually to the United States to eliminate unfair practices in the marine transport of automobiles. (Contained in both bills.)

• Kansai International Airport - Requires the USTR to initiate a Section 301 investigation of Japan's trade barriers against the U.S. construction industry. (Contained in both bills.)

• "Buy America" - Prohibits firms in countries that discriminate against U.S. goods and services in making government purchases from competing for U.S. government contracts. (Contained in the House bill.)

• Foreign investment controls - Instructs the White House to investigate the effects of proposed foreign mergers, acquisitions and takeovers (and in HR 3, joint ventures and licensing arrangements) on national security (and in HR 3, economic welfare). If the administration determines that the impact is adverse, HR 3 requires the president to block the action unless he determines separately that the effect is not adverse. S 1420 grants the president broader discretionary power to block such foreign activities. (While this is not strictly a sectoral provision, its passage stemmed from Fujitsu, Ltd.'s attempted takeover of Fairchild Semiconductor Corp.)

Other issues pending before the conference committee include export trading companies, small-business export promotion, the creation of an international debt facility, Customs practices, trade with non-market economies, pre-shipment inspection, the Foreign Corrupt Practices Act, the formation of a council on competitiveness, programs to improve education and worker retraining, export promotion programs and U.S. participation in the Multilateral Investment Guarantee agency.

A Japanese Reaction

Japan's position focuses on one point: the bill is incompatible with the General Agreement on Tariffs and Trade. Since the legislation is "strongly tinged with protectionism," according to the Japan Federation of Economic Organizations (Keidanren), its passage would endanger the new round of multilateral trade negotiations under the GATT. This point is made even more significant by the fact that the United States has been the major proponent of the new round. Keidanren goes on to warn that passage of the trade bill may injure this country's credibility during the negotiations -- an argument to which the White House is all too sensitive.

Japanese business leaders also claim that the bill's focus on reciprocity is inconsistent with the "widely accepted cardinal principles underpinning the GATT," i.e. most-favored-nation status, assurance of transparency and national treatment. By enacting reciprocity-based trade laws, Keidanren says, the United States would "significantly alter the very framework of the GATT."

Keidanren contends that the trade bill does not take into account the fact that other remedies have begun to rectify the trade imbalance. At a time when the U.S. trade deficit is showing signs of improvement -- in real, though not in current dollar terms -- and the unemployment rate is falling, protectionist legislation is not the answer, the organization says. Moreover, U.S. efforts to cut the federal budget deficit along with the recently announced Japanese stimulus package show that both countries are committed to redressing the trade problem.

These complaints are echoed by the Foreign Ministry, which says that its objections do not reflect purely national interests but are also based on the belief that the legislation runs counter to established international trade principles. In particular, the ministry says the bills are objectionable because they include country- and sector-specific measures; provisions that are incompatible with the GATT or prejudice the new round of negotiations; procedures that create "back doors to protectionism" by loosening the criteria for import relief or retaliatory measures; provisions that shorten the time frame for trade complaints or limit the president's options, thereby reducing the opportunity for due process and consideration of relevant factors; and changes dealing with unfair foreign trade practices that could inspire "mirror" legislation.

A Consumer's View

Standard rhetoric tells us that the United States needs a trade bill to safeguard the standard of living of the American people. This argument is usually buttressed with statistics outlining disturbing trade figures, shrinking export markets and the ever-increasing flood of foreign imports. Failed businesses, lost jobs and plant closings are cited to show the plight of the average American.

But groups that represent U.S. consumers stress that it is important to look at the trade bill from another angle as well: the costs associated with increased prices. The provisions of the trade bill that make it easier for U.S. industries to obtain relief -- or that increase the likelihood of U.S. retaliation for foreign unfair practices -- will lead to more U.S. trade restrictions that will impede the smooth flow of trade, effectively raise prices and encourage foreign counter-retaliation, they warn.

According to Citizens for a Sound Economy, a Washington-based public interest group, retaliation could end up costing Americans jobs rather than saving them. CSE representative Mary Alexander argues that U.S. trading partners will retaliate if the trade bill is passed and "the result will be a beggar-thy neighbor struggle, with nosediving trade, skyrocketing unemployment and a much lower standard of living. Over three million Americans work in export manufacturing industries, and almost half of all American cropland produces food for foreign tables. If our manufacturing and agricultural industries are crippled in a trade war, we will all lose."

A Status Report

Almost 200 legislators from 9 Senate and 14 House committees have been selected to participate in the conference committee that will iron out the

differences between the House and Senate trade bills, HR 3 and S 1420 (see Appendix 3). Since a committee of this size will be too unwieldy to accomplish much as a whole, initial plans are to conduct most of the negotiations at the working-group level. Observers are still wondering whether the major decisions will rest with these groups or whether the two chairmen will reserve a significant amount of authority for the entire conference committee. Moreover, if the working groups are unable to agree, it may be necessary for the chairmen -- or the House and Senate leadership (Texas Democrat Jim Wright and West Virginia Democrat Robert Byrd) -- to play a greater role in developing a compromise.

Although the conference committee met very briefly before Congress recessed for the summer, it was strictly for organizational purposes. Since that time, any progresss that has been made has been due to behind-the-scenes negotiations. At present, however, the conference seems to be stalled. Because fiscal issues have a higher priority for the rest of the session, the question of when a compromise trade bill will face the House and Senate is open-ended for the time being. Additionally, although conferees had hoped to begin meeting early in September, there are reportedly ongoing jurisdictional battles over certain issues (although a recent House list of subconference groups indicates that progress has been made on this score.) Still another obstacle is the fact that the conferees from another committee -- this one considering legislation that would extend the public debt limit -- have also been appointed to the trade conference committee. Since work on the debt limit must be finished during this session, it will almost certainly take priority over trade and is bound to divert attention from HR 3. If time runs out the leadership may decide to hold HR 3 over into next year.

Indeed, Mr. Bentsen has reportedly acknowledged that possibility -- although he and Mr. Rostenkowski are still hoping to finish the bill before the end of the year. Postponing consideration until next year could turn it into a purely political vehicle, thus minimizing its chances of becoming law. Even though trade has historically not had the election value of domestic economic policy, it does carry a distinctive partisan element both in Congress and in the Democratic Congress-GOP administration relationship. The bipartisan cooperation that developed in the Senate Finance and House Ways and Means committees notwithstanding, congressional voting records show that Republicans are less likely to vote for hardline trade policies than Democrats. In a presidential election year, that element of partisanship could be enough to transform the trade debate into a political free-for-all.

Still both chairmen are committed to crafting a signable bill and will work to minimize any politicization of the process. The White House, too, has a strong incentive to developing a workable compromise in order to obtain a renewal of its negotiating authority. If the trade bill does not become law, the president has no assurance that Congress will act on the matter separately, especially if legislators believe that the administration vetoed a good bill.

Another incentive for the White House to work with Congress is the GOP's election concerns. Especially if trade issues become an integral part of the presidential campaign, the administration may not want to jeopardize the Republican party's chances of winning the presidency. In this case, the president may deem it wise to show American voters that the GOP is committed to improving the trade figures. Some observers discount that possibility, pointing out that

trade has rarely been an important national election issue. On the other hand, however, if the tight congressional schedule delays the bill until 1988, legislators may try to make an issue of it.

It is still too early to predict the most likely course of events. The safest bet seems to be that in light of the other issues pending before Congress, the length of the two bills, the extreme complexity of the subconference system, and the scope of the differences among conferees and administration officials, the committee will probably not produce a compromise bill until late this year or 1988.

For further information, contact Eileen Marie Doherty.

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The views expressed in this report are those of the author and do not necessarily reflect those of the Japan Economic Institute.

Appendix 1: Votes On HR 3 By State

State	Partisan Breakdown of State's Representatives	"Yes" Votes	"No" Votes	Not Voting
Alabama	5 Dem; 2 Rep	5	2	0
Alaska	0 Dem; 1 Rep	0	1	0
Arizona	1 Dem; 4 Rep	1	4	0
Arkansas	3 Dem; 1 Rep	3	1	0
California	26 Dem; 18 Rep; 1 Vacant	23	19	3
Colorado	3 Dem; 3 Rep	3	2	1
Connecticut	3 Dem; 3 Rep	5	0	1
Delaware	1 Dem; 0 Rep	1	0	0
Florida	12 Dem; 7 Rep	12	7	0
Georgia	8 Dem; 2 Rep	8	2	0
Hawaii	1 Dem; 1 Rep	1	1	0
Idaho	1 Dem; 1 Rep	1	1	0
Illinois	13 Dem; 9 Rep	13	8	1
Indiana	6 Dem; 4 Rep	6	4	0
Iowa	2 Dem; 4 Rep	2	4	0
Kansas	2 Dem; 3 Rep	2	3	0
Kentucky	4 Dem; 3 Rep	5	2	0
Louisiana	5 Dem; 3 Rep	5	2	1
Maine	1 Dem; 1 Rep	2	0	0
Maryland	6 Dem; 2 Rep	7	1	0
Massachusetts	10 Dem; 1 Rep	11	0	0
Michigan	11 Dem; 7 Rep	17	1	0
Minnesota	5 Dem; 3 Rep	5	3	0
Mississippi	4 Dem; 1 Rep	4	1	0
Missouri	5 Dem; 4 Rep	6	3	0
Montana	1 Dem; 1 Rep	1	1	0
Nebraska	0 Dem; 3 Rep	1	2	0
Nevada	1 Dem; 1 Rep	1	1	0
N. Hampshire	0 Dem; 2 Rep	0	2	0
N. Jersey	8 Dem; 6 Rep	11	3	0
N. Mexico	1 Dem; 2 Rep	1	2	0
N. York	20 Dem; 14 Rep	23	11	0
N. Carolina	8 Dem; 3 Rep	11	0	0
N. Dakota	1 Dem; 0 Rep	1	0	0
Ohio	11 Dem; 10 Rep	14	7	0
Oklahoma	4 Dem; 2 Rep	4	2	0
Oregon	3 Dem; 2 Rep	2	3	0
Pennsylvania	12 Dem; 11 Rep	21	2	0
Rhode Island	1 Dem; 1 Rep	2	0	0
S. Carolina	4 Dem; 2 Rep	5	1	0
S. Dakota	1 Dem; 0 Rep	1	0	0
Tennessee	6 Dem; 3 Rep	7	2	0
Texas	17 Dem; 10 Rep	16	10	1
Utah	1 Dem; 2 Rep	1	2	0
Vermont	0 Dem; 1 Rep	1	0	0
Virginia	5 Dem; 5 Rep	5	5	0
Washington	5 Dem; 3 Rep	4	4	0
W. Virginia	4 Dem; 0 Rep	4	0	0
Wisconsin	5 Dem; 4 Rep	5	4	0
Wyoming	0 Dem; 1 Rep	0	1	0
Total:		290	137	8

Appendix 2: Votes On S 1420 By State

State	Partisan Breakdown of State's Representatives	"Yes" Votes	"No" Votes	Not Voting
Alabama	2 Dem; 0 Rep	2	0	0
Alaska	0 Dem; 2 Rep	1	1	0
Arizona	1 Dem; 1 Rep	1	1	0
Arkansas	2 Dem; 0 Rep	2	0	0
California	1 Dem; 1 Rep	1	1	0
Colorado	1 Dem; 1 Rep	1	1	0
Connecticut	1 Dem; 1 Rep	2	0	0
Delaware	1 Dem; 1 Rep	2	0	0
Florida	2 Dem; 0 Rep	2	0	0
Georgia	2 Dem; 0 Rep	2	0	0
Hawaii	2 Dem; 0 Rep	2	0	0
Idaho	0 Dem; 2 Rep	0	2	0
Illinois	2 Dem; 0 Rep	1	0	1
Indiana	0 Dem; 2 Rep	0	2	0
Iowa	1 Dem; 1 Rep	2	0	0
Kansas	0 Dem; 2 Rep	0	2	0
Kentucky	1 Dem; 1 Rep	1	1	0
Louisiana	2 Dem; 0 Rep	2	0	0
Maine	1 Dem; 1 Rep	2	0	0
Maryland	2 Dem; 0 Rep	2	0	0
Massachusetts	2 Dem; 0 Rep	2	0	0
Michigan	2 Dem; 0 Rep	2	0	0
Minnesota	0 Dem; 2 Rep	0	2	0
Mississippi	1 Dem; 1 Rep	1	1	0
Missouri	0 Dem; 2 Rep	2	0	0
Montana	2 Dem; 0 Rep	2	0	0
Nebraska	1 Dem; 1 Rep	2	0	0
Nevada	1 Dem; 1 Rep	1	1	0
N. Hampshire	0 Dem; 2 Rep	0	2	0
N. Jersey	2 Dem; 0 Rep	2	0	0
N. Mexico	1 Dem; 1 Rep	1	1	0
N. York	1 Dem; 1 Rep	2	0	0
N. Carolina	1 Dem; 1 Rep	1	1	0
N. Dakota	2 Dem; 0 Rep	2	0	0
Ohio	2 Dem; 0 Rep	2	0	0
Oklahoma	1 Dem; 1 Rep	2	0	0
Oregon	0 Dem; 2 Rep	1	1	0
Pennsylvania	0 Dem; 2 Rep	2	0	0
Rhode Island	1 Dem; 1 Rep	2	0	0
S. Carolina	1 Dem; 1 Rep	2	0	0
S. Dakota	1 Dem; 1 Rep	2	0	0
Tennessee	2 Dem; 0 Rep	1	0	1
Texas	1 Dem; 1 Rep	1	1	0
Utah	0 Dem; 2 Rep	0	2	0
Vermont	1 Dem; 1 Rep	1	1	0
Virginia	0 Dem; 2 Rep	2	0	0
Washington	1 Dem; 1 Rep	1	1	0
W. Virginia	2 Dem; 0 Rep	2	0	0
Wisconsin	1 Dem; 1 Rep	2	0	0
Wyoming	0 Dem; 2 Rep	0	2	0
Total:		71	27	2

Appendix 3: Participants in Trade Conference

House

Agriculture - E. (Kika) de la Garza (D, Tex.); George E. Brown, Jr. (D, Calif.); Pat Roberts (R, Kan.); Leon Panetta (D, Calif.); Dan Glickman (D, Kan.); Charles Stenholm (D, Tex.); Harold Volckmer (D, Mo.); Sid Morrison (R, Wash.); Steve Gunderson (R, Wis.); Fred Grandy (R, Iowa)

Armed Services - Les Aspin (D, Wis.); Samuel Stratton (D, N.Y.); Nicholas Mavroules (D, Mass.); Robert Badham (R, Calif.); Duncan Hunter (R, Calif.)

Banking, Finance and Urban Affairs - Fernand J. St Germain (D, R.I.); Walter E. Fauntroy (D, D.C.); Chalmers P. Wylie (R, Ohio); Robert Garcia (D, N.Y.); John LaFalce (D, N.Y.); Charles Schumer (D, N.Y.); Bruce Morrison (D, Conn.); Jim Leach (R, Iowa); Doug Bereuter (R, Neb.); Alex McMillan (N.C.); Mary Rose Oakar (D, Ohio); Bruce Vento (D, Minn.); Doug Barnard, Jr. (D, Ga.); Toby Roth (R, Wis.)

Education and Labor - Augustus Hawkins (D, Calif.); William Ford (D, Mich.); James Jeffords (R, Vt.); Mario Biaggi (D, N.Y.); Dale Kildee (D, Mich.); Pat Williams (D, Mont.); William Goodling (R, Pa.); Thomas Coleman (R, Mo.); Joseph Gaydos (D, Pa.); William Clay (D, Mo.); Matthew Martinez (D, Calif.); Marge Roukema (R, N.J.); Steve Gunderson (R, Wis.); Austin Murphy (D, Pa.); Major Owens (D, N.Y.); Steve Bartlett (R, Tex.)

Energy and Commerce - John Dingell (D, Mich.); James Florio (D, N.J.); Norman Lent (R, N.Y.); Edward Markey (D, Mass.); Philip Sharp (D, Ind.); Al Swift (D, Wash.); John Bryant (D, Tex.); Mike Synar (D, Okla.); Dennis Eckart (D, Ohio); Jim Slattery (D, Kan.); Carlos Moorhead (R, Calif.); Matthew Rinaldo (R, N.J.); William Dannemeyer (R, Calif.); Don Ritter (R, Pa.); Dan Coats (R, Ind.)

Foreign Affairs - Dante B. Fascell (D, Fla.); Don Bonker (D, Wash.); William Broomfield (R, Mich.); Daniel Mica (D, Fla.); Howard Berman (D, Calif.); Mel Levine (D, Calif.); James Bilbray (D, Nev.); Toby Roth (R, Wis.); Doug Bereuter (R, Neb.); John Miller (R, Wash.); Howard Wolpe (D, Mich.); Edward Feighan (D, Ohio); Robert Lagomarsino (R, Calif.); Sam Gejdenson (D, Conn.); Stephen Solarz (D, N.Y.); Benjamin Gilman (R, N.Y.)

Government Operations - Jack Brooks (D, Tex.); John Conyers, Jr. (D, Mich.); Frank Horton (R, N.Y.); Stephen Neal (D, N.C.); Barney Frank (D, Mass.); Ted Weiss (D, N.Y.); Robert Walker (R, Pa.); William Clinger, Jr. (R, Pa.)

Judiciary - Peter Rodino, Jr. (D, N.J.); Robert Kastenmeier (D, Wis.); Hamilton Fish, Jr. (R, N.Y.); Don Edwards (D, Calif.); William Hughes (D, N.J.); Pat Schroeder (D, Colo.); George Crockett, Jr. (D, Mich.); Carlos Moorhead (R, Calif.); Henry Hyde (R, Ill.); Daniel Lungren (R, Calif.); Bill McCollum (R, Fla.)

Merchant Marine and Fisheries - Walter B. Jones (D, N.C.); Mario Biaggi (D, N.Y.); Robert Davis (R, Mich.); Glenn Anderson (D, Calif.); Gerry Studds (D, Mass.); Don Bonker (D, Wash.); William Hughes (D, N.J.); Norman Lent (R, N.Y.); Don Young (R, Alaska); Norman Shumway (R, Calif.)

Public Works and Transportation - Norman Mineta (D, Calif.); James Oberstar (D, Minn.); John Paul Hammerschmidt (R, Ark.); Henry Nowak (D, N.Y.); Nick J. Rahall II (D, W.Va.); Douglas Applegate (D, Ohio); Ron de Lugo (D, Virgin Islands); Arlan Stangeland (R, Minn.); Newt Gingrich (R, Ga.); William Clinger, Jr. (R, Pa.)

Rules - Claude Pepper (D, Fla.); Joe Moakley (D, Mass.); Butler Derrick (D, S.C.); Tony Hall (D, Ohio); Alan Wheat (D, Mo.); Trent Lott (R, Miss.); Gene Taylor (R, Mo.)

Science, Space and Technology - Robert Roe (D, N.J.); Doug Walgren (D, Pa.); Manuel Lujan, Jr. (R, N.M.); Buddy MacKay (D, Fla.); Tim Valentine (D, N.C.); George E. Brown, Jr. (D, Calif.); James Scheuer (D, N.Y.); Marilyn Lloyd (D, Tenn.); Sid Morrison (R, Wash.); Don Ritter (R, Pa.); Constance Morella (R, Md.); Sherwood Boehlert (R, N.Y.); Robert Walker (R, Pa.); Jim Sensenbrenner, Jr. (R, Wis.); Claudine Schneider (R, R.I.); Dave McCurdy (D, Okla.); Dan Glickman (D, Kan.); Bill Nelson (D, Fla.); Tom McMillen (D, Md.); Jimmy Hayes (D, La.); Tom Lewis (R, Fla.); Ron Packard (R, Calif.); Jack Buechner (R, Mo.); Ralph Hall (D, Tex.); Robert Torricelli (D, N.J.)

Small Business - John LaFalce (D, N.Y.); Neal Smith (D, Iowa); Joseph McDade (R, Pa.); Ike Skelton (D, Mo.); Nicholas Mavroules (D, Mass.); James Bilbray (D, Nev.); Andy Ireland (R, Fla.); Silvio Conte (R, Mass.)

Ways and Means - Dan Rostenkowski (D, Ill.); Sam Gibbons (D, Fla.), John Duncan (R, Tenn.); Ed Jenkins (D, Ga.); Thomas Downey (D, N.Y.); Donald Pease (D, Ohio); Marty Russo (D, Ill.); Richard Gephardt (D, Mo.); Frank Guarini (D, N.J.); Robert Matsui (D, Calif.); Bill Archer (R, Tex.); Guy Vander Jagt (R, Mich.); Phil Crane (R, Ill.); William Frenzel (R, Minn.); Richard Schulze (R, Pa.); William Thomas (R, Calif.); Hal Daub (R, Neb.)

Senate

Agriculture, Nuturition and Forestry - Patrick Leahy (D, Vt.); John Melcher (D, Mont.); David Pryor (D, Ark.); Richard Lugar (R, Ind.); Thad Cochran (R, Miss.)

Banking, Housing and Urban Affairs - William Proxmire (D, Wis.); Paul Sarbanes (D, Md.); Alan Dixon (D, Ill.); Jake Garn (R, Utah); John Heinz (R, Pa.);

For consideration of Title X, Section 36: Alan Cranston (D, Calif.); Phil Gramm (R, Tex.)

For consideration of Title V: James Exon (D, Neb.); John Danforth (D, Mo.)

Commerce, Science and Transportation - Ernest Hollings (D, S.C.); Daniel Inouye (D, Hawaii); James Exon (D, Neb.); Donald Riegle, Jr. (D, Mich.); John Danforth (R, Mo.); Robert Packwood (R, Ore.); Larry Pressler (R, S.D.)

Finance - Lloyd Bentsen (D, Tex.); Spark Matsunaga (D, Hawaii); Daniel P. Moynihan (D, N.Y.); Max Baucus (D, Mont.); David Boren (D, Okla.); Robert Packwood (R, Ore.); John Chafee (R, R.I.); William Roth (R, Del.); John Danforth (R, Mo.)

Foreign Relations - Claiborne Pell (D, R.I.); Paul Sarbanes (D, Md.); Christopher Dodd (D, Conn.); Jesse Helms (R, N.C.); Richard Lugar (R, Ind.)

Governmental Affairs - John Glenn (D, Ohio); Lawton Chiles (D, Fla.); Jeff Bingaman (D, N.M.); William Roth (R, Del.); Ted Stevens (R, Alaska)

Judiciary - Dennis DeConcini (D, Ariz.); Patrick Leahy (D, Vt.); Orrin Hatch (R, Utah)

Labor and Human Resources - Edward Kennedy (D, Mass.); Claiborne Pell (D, R.I.); Howard Metzenbaum (D, Ohio); Barbara Mikulski (D, Md.); Brock Adams (D, Wash.); Orrin Hatch (R, Utah); Robert Stafford (R, Vt.); Dan Quayle (R, Ind.)

Small Business - Dale Bumpers (D, Ark.); Jim Sasser (D, Tenn.); Lowell Weicker (R, Conn.)

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